

**ROSENBERG DEVELOPMENT CORPORATION
SPECIAL MEETING MINUTES**

On this the 3rd day of April 2014, the Rosenberg Development Corporation (RDC) of the City of Rosenberg, Fort Bend County, Texas, met in a Special Session, at the Imperial Performing Arts Center located at 823 3rd Street, Rosenberg, Texas 77471.

DIRECTORS PRESENT

Bill Knesek	President
Allen Scopel	Vice President
Laurie Cook	Secretary
Ted Garcia	Treasurer
Vincent Morales	Director
Dwayne Grigar	Director

DIRECTORS ABSENT

Jimmie Peña	Director
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CITY OF ROSENGERG STAFF PRESENT

Robert Gracia	City Manager
Randall D. Malik	Economic Development Director
Rachelle Kanak	Assistant Economic Development Director
Kaye Supak	Executive Assistant
Cynthia Sullivan	Secretary II

IMPERIAL ARTS BOARD OF DIRECTORS PRESENT

Ed Crowell, Jr.
Nancy Olson
Lupe Uresti
Minerva Perez
Shirley Isbell

IMPERIAL ARTS STAFF PRESENT

Edward Crowell, III

GUESTS

Lydia Wallace Crowell
Shanta Kuhl, Central Fort Bend Chamber Alliance
Bob Vogelsang

CALL TO ORDER.

President Knesek called the meeting to order at 6:52 p.m.

AGENDA

1. Hold Board workshop regarding the Imperial Performing Arts Performance Agreement, and take action as necessary.

Presentation prepared by Ed Crowell, III and discussion items:

Ed Crowell, III began his presentation by stating that RDC and Imperial Art is a public-private partnership...“a business relationship between a private-sector company and a government agency for the purpose of completing a project that will serve the public.” He further mentioned that Imperial Arts would like to request an amendment to the Performance Agreement with the Rosenberg Development Corporation to extend our partnership toward economic development through the arts in Rosenberg.

Ed Crowell, III mentioned that the Texas' Arts and Culture Industry generates \$4.6 billion per year in taxable sales.

Ed Crowell, III further mentioned that supporting arts demonstrates leadership in providing public access to arts and arts education, ensures transparency and accountability, reduces barriers to public participation and serves the underserved, provides civic benefits, including diversity, awareness, and lifelong education, supports a 'climate of thought and imagination...demanded by democracy.' Further, not-for-profit organizations are willing to fulfill civic responsibilities that are not 'profitable', i.e., the arts, government funding is critical.

The purpose of the agreement was to promote tourism and cultural arts in the City of Rosenberg by relocating Fort Bend County's sole resident professional fine arts organization from Sugar Land to Rosenberg.

Phase I (Relocation and Center for the Arts)

- Establish a permanent Home for Imperial Arts in Rosenberg
- Participate in and encourage economic development in Rosenberg
- Prepare for the launch of a Capital Campaign for the Cole Theater

Phase II (Cole Theater)

- Establish Restoration Specifications and Plans
- Launch a Capital Campaign
- Perform the First Stage of Restoration

Imperial Arts agreed to relocate to Rosenberg from Sugar Land and establish a performing and cultural arts program in Historic Downtown Rosenberg as the only program of its type in Fort Bend County. IPA further agreed to renovate and open the Center for Arts no later than September 30, 2012 (extended to November 15) in accordance with all applicable City ordinances and codes as the only professional performing and visual arts facility in Fort Bend County. The agreement included a performing arts program with a minimum of 60 public ticketed events and 6 community events, annually for 10 years, as the only program of its type in Fort Bend County. IPA also agreed to coordinate the development of an application to the Texas Commission on the Arts for designation of Historic Downtown Rosenberg as a State Cultural District as the only designated Cultural District in Fort Bend County.

Phase II – Imperial Arts agreed to renovate and re-open the Cole Theater by December 31, 2014 in accordance with all applicable City ordinances and codes.

As the funding process began, the photographer hired by IPA to help with their funding, found the Cole Theater to be unsafe due to raw sewage in the orchestra pit. Sewage had routinely backed up in the building. It was mentioned that ordering an engineering study didn't make sense until IPA had a discussion with the building owner. IPA met with the building owner in January to discuss the project. After the meeting, it seemed clear the building owner was going to renovate the building. It was determined by the APEX inspection, the cost to renovate would be approximately \$3,500,000. An organization the size of IPA cannot fund \$3,500,000 renovation project.

Director Scopel asked if the actual numbers for the \$3,500,000 renovation cost was available. Ed Crowell, Jr. indicated that no formal inspection was completed. Director Scopel asked if it would help if the building was renovated under historic preservation guidelines. Ed Crowell, III explained historic preservation could potentially cost more to restore the original structure.

Presentation slides on marketing data showed 84% of people buying tickets to IPA events are cultural tourists. It was mentioned that the cultural tourists are shopping and spending money in downtown Rosenberg. IPA has an arrangement with the Volgelsang building to stay open when an evening event is planned at the Arts Center. IPA has estimated that the RDC has received over 5,000,000 media impressions with RDC's logo attached in marketing material.

Ed Crowell, Jr. presented the IPA FY 2014 budget. The Center renovation cost was \$226,005 over budget. President Knesek asked what the cost for rent of the Center is. Ed Crowell, Jr. indicated that the current rent is \$1,000 per month. However, rent will increase to \$2,000 for the next two years and then a small increase for the balance of the 6 year lease.

Imperial Arts Staff and Board are requesting RDC fund \$150,000 toward Imperial's operating expenses for the next two years (FY 2014 and FY 2015).

Director Scopel asked to see a balance sheet and found the \$100,000 restricted fund account was not listed on the IPA balance sheet. Ed Crowell, Jr. said the reason it hasn't been on the balance sheet is their CPA hasn't read the agreement explaining the \$100,000 for the renovation of the Cole Theater.

IPA Board Member, Shirley Isbell, spoke about the benefit she feels IPA has for the people of Rosenberg.

Director Scopel asked if the IPA Board and Staff have secured other funding from the general public in donations to the organization. Ed Crowell, Jr. said they tried and went to business owners and 100% of those people said they don't know IPA and that they should get a season under their belt.

IPA Board Member, Nancy Olson, spoke about how the business community didn't know who IPA was and that they didn't have an established track record. She further mentioned that IPA created hundreds of events so they could get name recognition. When looking at the \$100,000 spent, IPA still didn't know the true total cost to renovate the building. Getting a branding campaign and visibility has also cost the organization money.

President Knesek spoke about the \$500,000 total given to IPA through the agreement with RDC and that the \$100,000 was specifically for the renovation of the Cole Theater. The excitement for the agreement in the beginning was the renovation of the Cole Theater. President Knesek mentioned that IPA would be in default of the agreement if the \$100,000 is not spent on the renovation of the Cole Theater.

Ed Crowell, Jr. said financial reports were provided every month to the RDC staff to give to the board so there should be no surprises in the \$100,000 spent on operating costs. RDC Assistant Director, Rachelle Kanak, mentioned that financial reports were stopped in September 2013.

Director Morales said he would like to work something out with the performance agreement. He further stated that sales tax revenue and business activity has continued to increase in the downtown area.

Director Garcia asked at what point IPA staff and board decided they had spent enough money on the building and it wasn't going to work to renovate the Cole Theater. Ed Crowell, Jr. said when they realized they were not going to renovate the Cole Theater he notified the Director of Economic Development. He was told IPA would be in default of their agreement and would have to repay the \$100,000 to RDC. Ed Crowell, III further answered Director Garcia's question and said these types of organizations always have funding from government agencies. Without municipal government funding, such as HOT taxes, these organizations wouldn't make it. Ed Crowell, III cited the Houston Symphony as a group supported by HOT funds.

President Knesek asked where the additional money came from and was told IPA got some short term financing and then paid off that note with grant money from RDC and others. IPA would like RDC to amend the Performance agreement for the RDC to fund the \$150,000 budget shortfall. IPA would continue to name RDC as an underwriter and asks RDC to remove the conditions relative to the Cole Theater renovation. IPA would also like to discuss options with RDC to extend the partnership toward economic development through the arts in Rosenberg.

Director Morales asked IPA to send Randall Malik all the information requested this evening so it can be distributed to the board. Ed Crowell, Jr. said he will put everything we asked for in a drop box for Randall Malik to distribute to the board.

Minerva Perez commented that the IPA board's intentions are good, and that they have been a positive group for downtown. She further stated that it behooves the City of Rosenberg to move forward with IPA. She also complimented the transparency she's experienced on the board of IPA.

Lupe Uresti is also new to the IPA board and wanted to say that she truly believes in IPA and the work that's been done to downtown Rosenberg. She wishes that more Rosenberg people would buy into this organization. With regards to the \$100,000, she would like to measure how this affects the whole community going forward.

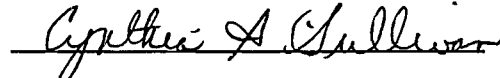
Ed Crowell, Jr. stated that he was encouraged by the RDC staff to market the Arts outside Rosenberg. IPA marketing focused on that economic development through the arts. It never occurred to IPA to market to

Rosenberg folks to buy tickets here. Ed Crowell, Jr. indicated that the requested information will be distributed to the board when received from IPA.

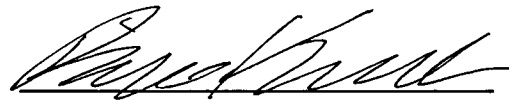
No action was taken.

2. ADJOURNMENT.

Action: Director Cook moved and Director Garcia seconded to adjourn the meeting at 8:49 p.m. The motion passed unanimously by those present.



Cynthia Sullivan, Secretary II
City of Rosenberg



Bill Knesek, President
Rosenberg Development Corporation

RDC Minute Attachments:

1. Imperial Performing Arts Power Point